

FOR IMMEDIATE RELEASE

**For further information, contact
Dr. Chang Mook Sohn
(360) 570-6105**

OLYMPIA, March 16, 2001 --- Though our economic and revenue forecasts have anticipated a slowdown for some time, the outlook for the U.S. economy has clearly deteriorated since the November forecast. While we still do not expect a national recession in our baseline forecast, the impact of a weaker national economy is reflected in the Washington economic and revenue forecast for the upcoming biennium. Fortunately our collection experience since the last forecast has been stronger than expected. Though much of the strength in collections was the result of non-recurring events, the increase in the revenue forecast for the current biennium more than offsets the reduction in the forecast for the 2001-03 biennium.

The General Fund-State revenue forecast for the 1999-01 biennium is \$21,312.4 million, an increase of \$143.5 million since the November forecast. The General Fund-State revenue forecast for the next biennium is \$22,215.5 million, a reduction of \$111.6 million. For the two biennia combined, the forecast change due to economic factors is a positive \$10.0 million while the forecast change due to adjustments to the estimated impacts of Initiatives 722 and 728 is a positive \$21.8 million resulting in a total increase of \$31.8 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 1999-01 and 2001-03 biennia. The forecast based on more optimistic economic assumptions netted \$142 million more revenue in the current biennium and \$770 million more in the next biennium and than did the baseline forecast while the pessimistic scenario was \$176 million lower in 1999-01 and \$934 million lower in 2001-03. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$3 million more revenue in this biennium but \$14 million less in 2001-03 than did the baseline forecast.

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